

KLDC

KINGSTON LOCAL DEVELOPMENT CORPORATION

Hon. Shayne R. Gallo, President

Jennifer J. Fuentes, Executive Director

Brenna L. Robinson, Portfolio Manager

MEMORANDUM

BOARD OF DIRECTORS - KINGSTON LOCAL DEVELOPMENT CORPORATION

JAMES NOBLE, CITY OF KINGSTON ALDERMAN AT LARGE

CARLY WILLIAMS, CITY CLERK

JENNIFER J. FUENTES, KLDC EXECUTIVE DIRECTOR / COMMUNITY DEVELOPMENT EXECUTIVE

AMANDA L. BRUCK-LITTLE, KLDC RECORDING SECRETARY / ADMINISTRATIVE ASSISTANT

BRENNAL. ROBINSON, KLDC PORTFOLIO MANAGER, ED COORDINATOR / ZONE COORDINATOR EZ

GREGG H. SWANZEY, DIRECTOR OF ECONOMIC DEVELOPMENT FOR STRATEGIC PARTNERSHIP

SUZANNE CAHILL, CITY PLANNER

MICHAEL F. JORDAN, ESQ., COUNSEL KLDC

DANIEL MARSH III, NATIONAL DEVELOPMENT COUNCIL DIRECTOR

DAILY FREEMAN, 79 HURLEY AVENUE, KINGSTON, NY 12401

WKNY, PO BOX 1398, KINGSTON, NY 12402

WGHQ, 82 JOHN STREET, KINGSTON, NY 12401

BRIAN JONES, WPHD/WCZX/WEOK/WRRV, PO BOX 416, POUGHKEEPSIE, NY 12602

POSTMASTER, KINGSTON PO BOX 9998, KINGSTON, NY 12402-9998

FROM: SHAYNE R. GALLO, MAYOR/PRESIDENT OF KLDC BOARD OF DIRECTORS

RE: KINGSTON LOCAL DEVELOPMENT CORPORATION BOARD MEETING

Please be advised that a meeting of the Kingston Local Development Corporation will be held at **8:00 a.m., Thursday, December 20, 2012**. Said meeting will be held in the Mayor's Conference Room, City Hall, 420 Broadway, Kingston, NY 12401.

AFFIDAVIT OF MEETING:

I, Bradley Jordan, Secretary for the Board of Directors of the Kingston Local Development Corporation, did on the **6th day of December, 2012** mail this notice to the individuals listed above. Mailing was accomplished by sealing said notice in an envelope and depositing same, with postage thereon, full pre-paid, with the United States Post Office.


BRADLEY JORDAN, SECRETARY

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AGENDA

Thursday, December 20, 2012 @ 8:00 a.m.

1. Call to Order
2. Portfolio Review & Past Due Account Update
3. General Business
4. New Business
3. Committee Reports
4. Approval of Minutes of Previous Meeting
5. Adjournment

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December 20, 2012

PRESENT:

BOARD MEMBERS - President Gallo, Secretary Jordan, Potter, Fitzgerald, Turco-Levin, Mathews, Reinhardt, & Rev. Childs

KLDC EXECUTIVE DIRECTOR / COMMUNITY DEVELOPMENT EXECUTIVE DIRECTOR - Fuentes

KLDC RECORDING SECRETARY / ADMINISTRATIVE ASSISTANT - Bruck-Little

ECONOMIC DEVELOPMENT AND STRATEGIC PARTNERSHIP DIRECTOR - Swanzy

KLDC PORTFOLIO MANAGER & ECONOMIC DEVELOPMENT COORDINATOR - Robinson

PLANNING - Cahill

KLDC COUNSEL - Jordan

ABSENT:

BOARD MEMBERS - Vice President Dwyer, Treasurer Mills

Meeting was called to order by Secretary Jordan at 8:03 am (President Gallo joined meeting at 8:12 am).

Ms. Fuentes asked the committees to give a summary of their meetings.

FINANCE COMMITTEE - Mr. Reinhardt explained that the Finance Committee spent considerable time on Signature Fitness. The committee felt there had been too many changes regarding the funding requests and will need better information before they will be able to make any recommendations to the Board. Ms. Fuentes spoke of conversation with Brian Smith regarding an appraisal of the building and during the conversation she was basically told that they were waiting on the KLDC to make a determination and she told him that the KLDC is the gap financing agency and the bank was the principal lender. The bank inquired about KLDC's terms and Ms. Fuentes had mentioned the Board suggested assignment of rents and they seemed receptive to that idea but were closed to the idea of them collecting payments on behalf of KLDC. The appraisal came in at \$260K which is higher than the original amount of \$245K discussed at the finance meeting thus changing the amounts of funding requests. Though it had been eluded that the banks were waiting on the KLDC, that in fact is not the case as this loan hasn't even been presented to the Rondout Savings Bank Board yet. After lengthy discussion the Board agreed that any course of action should be contingent on what Rondout Savings Bank does. Scott Jordan of Rondout Savings Bank should be notified that the Board is willing to entertain the loan request but need further information from them. Mr. Reinhardt made a motion to table the Signature Fitness loan until the January 2013 meeting. Second by Ms. Turco-Levin. Mr. B Jordan abstained. Motion carried.

The Finance Committee also discussed consolidating most of the bank accounts as there are several of the same type of accounts set up in various banks. Ms. Fuentes is looking into banks offering best interest rates and will meet with Kimball & O'Brien to discuss options. The information will be brought before the Finance Committee who in turn will make their recommendations to the Board. Ms. Fuentes also told the board that Dan Marsh, our consultant from National Development Council (NDC) has been put on notice as he has fallen behind on the outstanding 108 loans. They had an in-person meeting on Friday and he has all files and pertinent information to put together 108 status summaries. The NDC contract is up in January 2013 and

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upon discussion of the Board a Request for Qualifications (RFQ) for a Consultant will be advertised.

Mr. Mathews asked if it was known how much another Consultant would charge, President Gallo said he believed it would be within the ballpark of what the NDC charges. Once Ms. Fuentes receives responses to the RFQ and what technical assistance they are able to offer along with their fees, she will report back to the Board for determination. The Board also asked Ms. Fuentes to write Dan Marsh a letter and to get any outstanding unpaid invoices. The Finance Committee has put together an annual letter that will be sent to everyone who has a loan with the KLDC. The letter covers subordination agreements and KLDC terms that must be met should someone decide they want to refinance with their primary lender (ie current with KLDC loan, school and property taxes). There will be a \$250 application fee for all new requests and in addition to application fee there must be an updated appraisal and description of the purpose for request. It also explains what will need to be done should such request put KLDC further back in position on loan. The letter details default procedures of loans and the process that will take place. These letters will be sent out after the first of the year.

GOVERNANCE COMMITTEE - Ms. Turco -Levin told the Board that the committee is in the process of reviewing the Charter, Mission Statement, Investment and Procurement Policies. She asked the Board to review them as well and make recommendations should they feel there should be any changes. Mr. B Jordan requested the minutes from the Governance Committee meeting be amended to say that Rondout Savings Bank was operating under the assumption that KLDC deposits are municipal deposits therefore they couldn't accept them. The Governance Committee needs another member, once the vacancy on the KLDC Board is filled, that appointment will be on the Governance Committee.

DELINQUENT LOANS - Ms. Fuentes told the Board full loan reports would be handed out for review at the next Board meeting.

A.P. Ferraro - Told Ms. Fuentes he has had a really tough year and would be willing to come before the Board. He has proposed making a payment this month and add additional \$250 per month to his payment to make up for arrears. The Board discussed the original loan on the Mobil station on the corner of Broadway & Henry St. but that business was sold. The question at hand is why wasn't the KLDC paid off when the Mobil station was sold? It is believed that his son has become a partner or possibly taken over the business so the KLDC should request his son to become a guarantee on the loan. Ms. Potter asked that the documents be reviewed and to find out who owns the vehicles that were used as collateral. A motion was made by Mr. Mathews to accept his offer to make additional payments of \$250 on top of resuming regular monthly payments. Second by Mr. B Jordan. Motion carried.

The Board recommended the Alderman and Mayor should adopt a policy that would forbid anyone to bid on jobs with the City if there are delinquent on any loans with the KLDC or behind on School and/or Property taxes.

DFC - He will be coming in to meet with President Gallo and Ms. Fuentes either December 27th or 28th to discuss bringing loan up to date. The Board agreed that meeting would be fine as long as he can bring his loan current, otherwise he will need to come before the Board.

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Seven21 - A letter was sent and it was mentioned how the KLDC has worked with them with their business, helped with the creation of the micro-loan program, numerous meeting to try to help them acquire an elevator and most recently the meeting of Congressman Gibson's staff member who inquired of office space within in this District on or about January 1, 2013. Ms. Fuentes mentioned in the letter that the lease payments received by Congressman Gibson would more than sufficient to make monthly payments. Ms. Fuentes has not yet heard back from them but President Gallo said he has and the Ellenbogen's are in the process of minor renovation which would allow for another tenant putting them at 95% occupancy and that they were in the process of drafting a lease agreement with Congressman Gibson and then they should be at a point of ample income and commence payments to the KLDC. The Board suggested Ms. Fuentes write the Ellenbogen's letting them know how wonderful it is they will be at 95% occupancy and there is no reason why they should not be able to make payments to the KLDC.

SPADA - Ms. Fuentes, Ms. Whidden and Mr. Zweben met and discussed the Spada matter and came to an agreement that the best course of action was to let the property go through in rem via the City as it would be the quickest way to proceed. President Gallo said he had spoken to Ms. Risely (Spada's attorney) and she indicated Mr. Spada would be able to come up with the money to pay his taxes. President Gallo also mentioned he has put Mr. Spada in touch with an interested developer.

ROSITAS - Ms. Robinson got an update at the eleventh hour that Mr. Melkesetian had filed Bankruptcy, Chapter 11 giving an automatic stay. The next step in that process is to meet with the creditors in Poughkeepsie where a Trustee will be assigned. The paperwork from Rositas in response for Order to Show Cause which would enable the City to get a Temporary Restraining Order was due back tomorrow. The case had been assigned to Judge O'Conner who would make any determinations whether or not to order a permanent injunction to keep him from operating his business permanently. It is possible that with the bankruptcy filing this judgement could be put on hold. Mr. Melkesetian did however, pled guilty last week in court and paid a \$500 fine for the violation of not obtaining a permit.

REQUEST - Ms. Fuentes told the Board she would like to move forward with a Phase 1 Environmental Study of the former Kings Inn site and could use either EDI or KNEC monies to fund it as long as it is for an Economical Development purpose and asked if the KLDC would be willing to fund it, up to \$15K. The study will aide in determining if there is contamination and if so, what type of remediation would be necessary. Zoning would determine what type of building and use could go there as far as development. Ms. Potter inquired as to why the KLDC would pay for the study when the City is the owner of the parcel, they've never been asked to pay for other studies for the City. They did pay for studies at the Kingston Business Park (KBP) but the KLDC owns that and they have tenants. Ms. Fuentes told the Board it would be a very proactive move on behalf of the KLDC to lay the ground work for development in the mid-town corridor. They voiced concerns over what doors might be opened by doing the Phase 1 on this parcel as opposed to others. Ms. Fuentes stated she may very well come back and request the Board pay for another Phase 1 Environmental Study at another location, perhaps the former parking garage site in uptown. President Gallo stated it would be nice to have an opportunity be able to present to a developer a parcel where they have a sense of not having to spend numerous thousands of dollars to begin the process, the KLDC can already start it by getting

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the Phase 1 Environmental completed. A motion was made by Mr. Fitzgerald to spend up to \$15k to have a Phase 1 Environmental done at the former Kings Inn site contingent on the KLDC recouping their \$15K once the parcel is purchased by a developer. Second by Mr. B Jordan. Motion Carried.

A motion was made by Mr. Mathews to accept minutes of previous meeting. Second by Ms. Potter. Motion carried.

At 9:33AM Ms. Potter made a motion to adjourn. Ms. Turco-Levin. Motion carried.

Respectively Submitted,



Amanda L. Bruck-Little
Recording Secretary